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It incorporates data from the following monthly BEA news releases:

U.S. International Trade in Goods and Services (August 18),
Gross Domestic Product (August 27), and
Personal Income and Outlays (August 28).

TABLE OF CONTENTS

Regular features

1 Business Situation

Real GDP increased 1.6 percent in the second quarter of 1998 after increasing 5.5 percent in the first quarter; the price index for gross domestic purchases increased 0.4 percent after decreasing 0.2 percent. Corporate profits decreased \$9.5 billion in the second quarter after increasing \$8.4 billion in the first. In the second quarter, the Federal Government current surplus increased \$13.8 billion, to \$72.6 billion, and the State and local government current surplus decreased \$5.4 billion, to \$134.8 billion.

47 U.S. Multinational Companies: Operations in 1996

The operations of U.S. multinational companies (MNC's) continued to grow relatively rapidly in 1996: Worldwide gross product of U.S. parent companies and their majority-owned foreign affiliates (MOFA's) increased 7 percent, employment increased 2 percent, and capital expenditures increased 5 percent. Gross product of both U.S. parents and their MOFA's grew 7 percent in 1996. From 1989 to 1996, U.S.-MNC gross product was mainly accounted for by U.S. parents, but the share that was accounted for by MOFA's edged up from 23 percent to 25 percent.

Reports and statistical presentations

11 Customer Satisfaction Report

13 Annual NIPA Revision: Newly Available Table

14 Updated Summary NIPA Methodologies

36 Fixed Reproducible Tangible Wealth in the United States: Revised Estimates for 1995-97 and Summary Estimates for 1925-97

74 Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 1997

D-1 BEA Current and Historical Data

National Data:

- D-2 Selected NIPA Tables
- D-27 Other NIPA and NIPA-Related Tables
- D-35 Historical Tables
- D-40 Domestic Perspectives
- D-42 Charts

International Data:

- D-50 Transactions Tables
- D-56 Investment Tables
- D-60 International Perspectives
- D-62 Charts

Regional Data:

- D-63 State and Regional Tables
- D-67 Local Area Table
- D-69 Charts

Appendixes:

- D-71 Appendix A: Additional Information About BEA'S NIPA Estimates
- D-73 Appendix B: Suggested Reading

Inside back cover: BEA Information

(A listing of recent BEA publications available from GPO)

Back cover: Schedule of Upcoming BEA News Releases

LOOKING AHEAD

Revision of Annual State Personal Income. An article presenting the revised annual estimates of State personal income for 1982-97 and discussing the major sources of the revisions will be published in the October SURVEY. The revised estimates of State personal income will be released on September 14.
